



Priorities and Planning Committee

**Wednesday, April 24, 2019
11:45 AM**

Henry Baker Hall, Main Floor, City Hall



OFFICE OF THE CITY CLERK

**Public Agenda
Priorities and Planning Committee
Wednesday, April 24, 2019**

Approval of Public Agenda

Adoption of Minutes

Priorities and Planning Committee - Public - Feb 20, 2019 11:45 AM

Administration Report

PPC19-3 Economic Update and Preliminary 2020 Budget Review

Recommendation

That this report be received and filed.

Resolution for Private Session

AT REGINA, SASKATCHEWAN, WEDNESDAY, FEBRUARY 20, 2019

AT A MEETING OF PRIORITIES AND PLANNING COMMITTEE
HELD IN PUBLIC SESSION

AT 11:45 AM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present: Mayor Michael Fougere, in the Chair
Councillor Lori Bresciani
Councillor Sharron Bryce
Councillor John Findura
Councillor Jerry Flegel (Teleconference)
Councillor Joel Murray (Teleconference)
Councillor Jason Mancinelli
Councillor Mike O'Donnell
Councillor Barbara Young

Regrets: Councillor Bob Hawkins
Councillor Andrew Stevens

Also in Attendance: City Clerk, Jim Nicol
Council Officer, Tracy Brezinski
City Manager, Chris Holden
City Solicitor, Byron Werry
Executive Director, Financial Strategy & Sustainability, Barry Lacey
Executive Director, City Planning & Community Development, Diana Hawryluk
A/Executive Director, Citizen Services, Pat Wilson
Senior City Planner, Liberty Brears
Senior City Planner, Chris Sale

APPROVAL OF PUBLIC AGENDA

Councillor Barbara Young moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.

ADMINISTRATION REPORTS

PPC19-1 Policy to Administer an Inventory of Heritage Property in Regina and Repeal of Bylaw No. 8912 - A Bylaw of the City of Regina to Deny a Permit for the Alteration or Demolition of Properties That the Council of the City of Regina May Wish to Designate as Municipal Heritage Properties

Recommendation

1. That the Heritage Inventory Policy provided in Appendix A-1 of this report be approved.

2. That the Executive Director, City Planning & Community Development, or designate, be authorized to establish and maintain an Inventory of Heritage Properties in accordance with the Heritage Inventory Policy.
3. That, pursuant to section 28 of *The Heritage Property Act*, City Council resolves that the Executive Director, City Planning & Community Development, or designate, shall deny any permit for alteration or demolition of a property identified in the Heritage Inventory, for not more than 60 days, to allow for the property to be considered for designation as a Municipal Heritage Property.
4. That *Bylaw No. 8912 - A Bylaw of the City of Regina to Deny a Permit for the Alteration or Demolition of Properties That the Council of the City of Regina May Wish to Designate as Municipal Heritage Properties* (Heritage Holding Bylaw) be repealed and the City Solicitor be instructed to prepare the necessary bylaw amendment to authorize the repeal.
5. That the five-year implementation plan provided in Appendix A-4 be approved.
6. That Administration be directed to include provisions for implementing recommendations one to four in the budget process for a five-year period (2020-2025).
7. That this report be forwarded to the March 25, 2019 meeting of City Council for approval.

Ross Keith, representing Regina Plains Museum, addressed the Committee.

Liberty Brears, Senior City Planner, made a PowerPoint presentation, a copy of which is on file in the Office of the City Clerk.

Councillor Barbara Young moved that the recommendation contained in the report be concurred in.

Councillor Barbara Young moved, in amendment, AND IT WAS RESOLVED, that this report be forwarded to the March 2019 Regina Planning Commission meeting for review and comment.

The main motion, as amended, was put and declared CARRIED.

PPC19-2 Neighbourhood and Corridor Sequencing Plan

Recommendation

1. That this report be received and filed.
2. That item MN16-9 be removed from the Executive Committee

outstanding items list.

Chris Sale, Senior City Planner, made a PowerPoint presentation, a copy of which is on file in the Office of the City Clerk.

(Councillor Flegel left the meeting.)

Councillor Sharron Bryce moved, AND IT WAS RESOLVED, that the recommendations contained in the report be concurred in.

RESOLUTION FOR PRIVATE SESSION

Councillor Mike O'Donnell moved, AND IT WAS RESOLVED, that in the interest of the public, the remaining items on the agenda be considered in private.

RECESS

Councillor Mike O'Donnell moved, AND IT WAS RESOLVED, that the Committee recess for 10 minutes.

The Committee recessed at 1:50 p.m.

Chairperson

Secretary

April 24, 2019

To: Members
Priorities and Planning Committee

Re: Economic Update and Preliminary 2020 Budget Review

RECOMMENDATION

That this report be received and filed.

CONCLUSION

Over the years, the City of Regina has demonstrated strong financial management balancing service level sustainability with affordability. This is reflected in the credit rating of AA+ with a positive outlook provided by Standard and Poors. Moving forward the City is faced with a number of financial challenges. While some of these challenges are not unique to Regina, they will continue to require strong financial management, decision making, and prioritization of community priorities to achieve long-term financial viability which is identified as a community priority in Design Regina: The Official Community Plan (OCP).

This report provides a high-level summary of external environmental factors and the financial context in which the City of Regina's 2020 budget will be developed. Highlights include:

- Economic indicators show the economic environment in which the 2020 budget will be developed are similar to the environment in which the 2019 budget was developed;
- Regina's GDP is expected to continue to grow at a modest pace with some aspects of the economy continuing to face challenges;
- General increases in the cost of providing services (e.g., inflation and general economic wage increases) outstrip general or natural increases in City revenues (e.g., growth of the property tax base);
- Key reserves continue to have low balances; and
- Long-term financial viability needs to be considered as part of the 2020 budget development process.

BACKGROUND

The City of Regina utilizes a planning framework that integrates long-term thinking and planning in the development of the annual budget. The OCP, long-term plans and policies, and the four-year strategic plan provide direction when developing the annual budget. As well, throughout the year members of the City's executive leadership team (ELT) attend Council and Council committee meetings. At these meetings, ELT receives input and direction from Council

that informs budget development. In addition, more immediate-term issues, including current and emerging economic conditions provide added context in the development of the annual budget.

Each year, the City gathers inputs and information from this planning framework to establish an annual business plan and budget for delivering on the plan. Administration's work on the development of the budget includes thoughtful consideration of various factors (short and long term) to maintain a balance between service levels, expectations, and affordability. City Council has the ultimate responsibility to set the direction and approve the annual budget.

DISCUSSION

External Environmental Factors

The City of Regina considers external environmental factors as it manages during the year and these factors help inform the development of the upcoming annual plan and budget. As part of the 2020 planning and budget process, Administration undertook an environmental scan of the conditions that provide context for financial decision-making.

With the Conference Board of Canada projecting Regina GDP growth to be approximately 1.7% in 2020, economic growth will continue to be modest with significant parts of the economy continuing to face challenges. The Consumer Price Index (CPI), an indicator of expected non-salary cost increases, is forecast to be steady at about two per cent. While Regina's unemployment rate has traditionally been lower than the provincial average, it is higher than earlier in the decade reflecting a healthy labour market enabling the City to recruit and retain employees more easily than in the past.

Population growth continues to be consistent with the forecasts in the OCP, if not currently slightly ahead of the OCP forecast, and is driven by international immigration. Population growth places additional pressure on City services to meet growing demand and impacting the type of services Regina residents seek from the City.

Financial Factors - Capital

Capital projects are primarily funded from current year contributions from property taxes, reserves, debt, and 3rd party funding. With respect to reserves, the current challenge relates to the low level of funding currently held within the City's two main reserves, the General Fund Reserve and the Asset Revitalization Reserve. Reserves are critical to the City's goal of achieving long-term financial viability. They enable the City to smooth the effect of variable or unanticipated expenditures, provide funding for one-time requirements, and support equitable allocation of costs by allowing users to pay for the cost of maintaining and replacing assets. Reserves also help the City minimize the use of debt to fund projects and support a strong credit rating.

The recently announced Investing in Canada Infrastructure Program (ICIP) provides the opportunity for the City to access federal and provincial funding to help support needed

infrastructure renewal and investment. The strategic use of debt to finance the City's portion of any infrastructure investment under the ICIP will be an important consideration, given the limited amount of funding sources available to the City to leverage the Federal and Provincial funding that is available under this program.

Designing a robust asset management program will continue to be a focus for the City to improve the information available to support the sustainable delivery of services and long-term financial viability. An effective asset management program takes a broader approach to sustainable infrastructure than just reviewing the maintenance and renewal of city infrastructure. A life cycle asset management approach not only focuses on the underlying asset but also considers customer expectations, the level of service delivered by the asset and the operating costs of the asset. By considering a wholistic view of assets, better information may be collected to support decision making by providing the implications and trade-offs associated with the options identified. The information collected will also be used in long-range financial modeling to strengthen planning for financial sustainability into the future.

In summary, funding all the City's capital needs over the next ten years will be challenging. Continued prioritization of capital projects will be a critical part of the 2020 budget development five year capital planning process.

Financial Factors - Operating

The City is faced with a number of financial challenges as it develops the 2020 budget. Overall, general increases in the cost of providing services (e.g., inflation and general economic wage increases) outstrip general or natural increases in City revenues (e.g., growth of the property tax base).

The expenditure pressures faced by the City are compounded by the inability to quickly and easily generate new revenue. Property taxes are the primary source of revenue for the City with the balance of revenues coming from fees and charges, and grants from other levels of government. The ability to access other forms of taxation is limited by legislation and has resulted in the City generating a larger portion of its overall revenue from property taxes. Growth in the City property tax base leads to a natural increase in property tax revenue (i.e., revenue growth without mill rate increases). This natural growth in property tax revenue is expected to be less than the increased cost of maintaining services. This creates challenges as Administration attempts to balance the increasing costs of providing services with the desire to keep property taxes affordable.

On a positive note, after freezing the Municipal Revenue Sharing (MRS) grant as part of the 2018-19 provincial budget, the Province introduced a new MRS grant formula as part of the 2019-20 provincial budget. With this provincial announcement, municipalities again have a stable and predictable source of revenue, and the City can expect to see an increase in the amount of funding it receives from the MRS grant in 2020.

Over the past two years Administration has worked hard to achieve operational efficiencies of more than \$11 million. To achieve long-term financial viability, the City must continuously improve, be innovative, and look for ways to do things differently while continuing to effectively provide services to Regina's residents. Further operational efficiencies are expected to be achieved in 2019 that will free up additional resources that can be used to address City priorities as part of the 2020 budget process.

Meeting the Challenge

The budget needs to be balanced while funding the delivery of services, renewing and investing in infrastructure, and making progress toward the community's goals over the longer-term as described in the OCP. It is Administration's responsibility to recommend and propose ways to advance the OCP priorities as well as continually balance the wants and needs of citizens with their willingness and ability to pay for the important services delivered by the City. This will require making difficult choices, prioritizing the needs of the community, and continued strong financial management.

Administration will be engaging Council and residents for input into the 2020 Budget as the budget process moves forward. Knowing Council and resident priorities will help guide the development of the budget and related recommendations.

RECOMMENDATION IMPLICATIONS

Financial Implications

Long-term financial viability and service sustainability is a key challenge facing the City due to numerous contributing factors including external influences, increased demand for services beyond those traditionally provided, aging infrastructure, and constraints on revenue growth. While some of these challenges are not unique to Regina, they will continue to require strong financial management, decision making, and understanding community priorities to achieve long-term financial viability, service level sustainability, and achievement of the long-term objectives of the OCP.

Environmental Implications

None related to this report

Policy and/or Strategic Implications

One of the community priorities in the OCP is to 'achieve long-term financial viability' which entails spending money wisely to ensure the City's ability to manage its services and amenities both now and in the future. This report is intended to bring awareness of the financial environment the City is operating within to inform future decisions to achieve this community priority.

Other Implications

None related to this report

Accessibility Implications

None related to this report

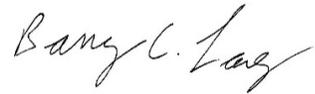
COMMUNICATIONS

None related to this report

DELEGATED AUTHORITY

None related to this report

Respectfully submitted,

A handwritten signature in cursive script that reads "Barry C. Lacey".

Barry Lacey, Executive Director
Financial Strategy & Sustainability

Report prepared by:

Roseann Anderson, Senior Financial Advisor